

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Report on Audit of Financial Statements
June 30, 2003

**MARICOPA
INTEGRATED
HEALTH SYSTEM**

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Report on Audit of Financial Statements
June 30, 2003

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

We have audited the accompanying financial statements of the Maricopa County AHCCCS and ALTCS Plans as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Maricopa County AHCCCS and ALTCS Plans' financial statements are intended to present the financial position, and changes in financial position and cash flows of only that portion of the business-type activities and major funds of the County that is attributable to the AHCCCS and ALTCS Plans Funds. They do not purport to, and do not, present fairly the financial position, and changes in financial position and cash flows of the County in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maricopa County AHCCCS and ALTCS Plans as of June 30, 2003, and the changes in financial position and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 2, the Maricopa County AHCCCS and ALTCS Plans increased the capitalization threshold for equipment, which represents a change in the application of an accounting principle.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Maricopa County AHCCCS and ALTCS Plans. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Debbie Davenport
Auditor General

October 17, 2003

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Statements of Net Assets—Enterprise Funds
June 30, 2003

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
Assets		
Current assets:		
Cash and cash equivalents	\$13,574,947	\$57,437,526
Receivables:		
Capitation	4,997,940	2,499,212
Reinsurance	4,397,231	5,929,087
Accrued interest	61,696	156,753
Other	172,337	312,458
Due from other County funds	7,877,630	101,313
Prepaid expenses	<u>6,173,830</u>	<u>7,122,570</u>
Total current assets	<u>37,255,611</u>	<u>73,558,919</u>
Noncurrent assets:		
Capital assets:		
Equipment	3,383,336	6,209,834
Less accumulated depreciation	<u>3,383,336</u>	<u>2,796,838</u>
Total noncurrent assets	<u>0</u>	<u>3,412,996</u>
Total assets	<u>37,255,611</u>	<u>76,971,915</u>
Liabilities		
Current liabilities:		
Medical claims payable	12,753,478	26,519,089
Accounts payable	358,389	760,407
Accrued liabilities	1,548,635	1,026,457
Due to other County funds	<u>8,985,816</u>	<u>22,274,646</u>
Total current liabilities	<u>23,646,318</u>	<u>50,580,599</u>
Net Assets		
Invested in capital assets	0	3,412,996
Restricted for health care purposes	<u>13,609,293</u>	<u>22,978,320</u>
Total net assets	<u><u>\$13,609,293</u></u>	<u><u>\$26,391,316</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Statements of Revenues, Expenses, and Changes in
Fund Net Assets—Enterprise Funds
Year Ended June 30, 2003

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
Operating revenues:		
Capitation	\$ 92,067,601	\$230,040,467
Reinsurance	4,352,765	9,472,382
Third party recoveries	367,520	171,446
Hospital supplement	13,060,717	
SOBRA supplement	5,053,279	
HIV-AIDS supplement	944,650	321,978
Patient Contributions		76,894
	<hr/>	<hr/>
Total operating revenues	115,846,532	240,083,167
	<hr/>	<hr/>
Operating expenses:		
Hospital inpatient services	35,441,509	
Medical compensation	23,155,876	
Institutional care		120,203,527
Home and community-based services (HCBS)		57,332,859
Acute care		33,470,609
Other medical	44,748,670	4,824,421
Administrative	5,788,554	16,720,964
Depreciation	7,539	438,635
	<hr/>	<hr/>
Total operating expenses	109,142,148	232,991,015
	<hr/>	<hr/>
Operating income	6,704,384	7,092,152
	<hr/>	<hr/>
Nonoperating revenues:		
Investment income	446,020	1,578,045
	<hr/>	<hr/>
Total nonoperating revenues	446,020	1,578,045
	<hr/>	<hr/>
Income before transfers	7,150,404	8,670,197
	<hr/>	<hr/>
Transfers out	6,333,433	15,540,587
	<hr/>	<hr/>
Increase (decrease) in net assets	816,971	(6,870,390)
	<hr/>	<hr/>
Total net assets, July 1, 2002, as restated	12,792,322	33,261,706
	<hr/>	<hr/>
Total net assets, June 30, 2003	<u>\$ 13,609,293</u>	<u>\$ 26,391,316</u>

See accompanying notes to financial statements.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Statements of Cash Flows—Enterprise Funds
Year Ended June 30, 2003

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
Cash flows from operating activities:		
Cash receipts from:		
Contractors	\$ 111,805,270	\$235,019,886
Third party insurers	367,520	171,446
Patients		76,894
Cash payments to:		
Providers for health care services	(109,838,659)	(218,437,200)
Suppliers for goods and services	(277,974)	(2,690,430)
Employees for services	(4,003,110)	(12,490,759)
Other County funds for goods and services	(900,516)	(2,180,744)
Other payments	(172,337)	
Net cash used for operating activities	<u>(3,019,806)</u>	<u>(530,907)</u>
Cash flows from noncapital financing activities:		
Claims paid for other County health plans	<u>(5,752,630)</u>	
Net cash used for noncapital financing activities	<u>(5,752,630)</u>	
Cash flows from capital and related financing activities:		
Acquisition of capital assets		<u>(1,708,512)</u>
Net cash used for capital and related financing activities		<u>(1,708,512)</u>
Cash flows from investing activities:		
Interest receipts	<u>471,770</u>	<u>2,041,618</u>
Net cash provided by investing activities	<u>471,770</u>	<u>2,041,618</u>
Net decrease in cash and cash equivalents	(8,300,666)	(197,801)
Cash and cash equivalents, July 1, 2002	<u>21,875,613</u>	<u>57,635,327</u>
Cash and cash equivalents, June 30, 2003	<u><u>\$ 13,574,947</u></u>	<u><u>\$ 57,437,526</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,704,384	\$ 7,092,152
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,539	438,635
Net changes in assets and liabilities:		
Capitation receivable	(2,907,119)	(1,225,006)
Reinsurance receivable	245,099	(3,437,834)
Other receivables	(172,337)	(312,458)
Due from other County funds		(74,103)
Prepaid expenses	(5,106,709)	(7,122,570)
Medical claims payable	(1,385,895)	(621,739)
Accounts payable	79,571	(1,659,698)
Accrued liabilities	(1,011,722)	159,758
Due to other County funds	527,383	6,231,956
Net cash used for operating activities	<u><u>\$ (3,019,806)</u></u>	<u><u>\$ (530,907)</u></u>

See accompanying notes to financial statements.

(continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Statements of Cash Flows—Enterprise Funds
Year Ended June 30, 2003
(Continued)

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
The following noncash transactions occurred during the year ended June 30, 2003:		
Accounts payable reduced for risk pool settlement		\$ 2,114,089
Institutional care expense		\$ (2,114,089)
Transfer out net assets to County General Fund	\$(6,333,433)	\$ (15,540,587)
Due to other County funds	\$ 6,333,433	\$ 15,540,587

See accompanying notes to financial statements

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

Note 1 Summary of Significant Accounting Policies

The accounting policies of the Maricopa County Arizona Health Care Cost Containment System (AHCCCS) and Arizona Long-Term Care System (ALTCS) Plans (the Plans) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board. A summary of the Plans' more significant accounting policies follows.

A. Reporting Entity

For financial reporting purposes, the Maricopa County AHCCCS and ALTCS Plans comprise the Maricopa County Health Plan (MCHP) Fund and the ALTCS Fund, respectively, which are accounted for as Enterprise Funds of Maricopa County, Arizona, (County) under the direction of administrators contracted by the County Board of Supervisors. However, ultimate fiscal responsibility for the Plans remains with the County. The AHCCCS and ALTCS Plans are contractors with the AHCCCS Administration to provide health care services to eligible enrollees of the AHCCCS and ALTCS Plans. The MCHP Fund accounts for both inpatient and outpatient medical and nursing services provided to eligible enrollees of the AHCCCS program. The ALTCS Fund accounts for inpatient and outpatient medical and nursing services in addition to managed institutional, home, and community-based long-term care services provided to eligible ALTCS program enrollees. The AHCCCS and ALTCS Plans receive monthly capitation payments from the AHCCCS Administration for all eligible enrollees under the respective AHCCCS and ALTCS programs.

B. Fund Accounting

The Plans' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Plans' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The Plans' financial transactions are recorded as enterprise funds since their operations are financed and operated in a manner similar to private business enterprises, in which the intent of the Board of Supervisors is that the costs (expenses,

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

including depreciation) of providing goods or services to AHCCCS and ALTCS enrollees on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Presentation and Accounting

The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows.

A statement of net assets provides information about the assets, liabilities, and net assets of the Plans at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy the Plans' obligations. Invested in capital assets net of related debt represents the value of capital assets, net of accumulated depreciation less any outstanding debt incurred to acquire or construct the asset. Restricted net assets represent contracts and other resources that have been externally restricted for health care purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in fund net assets provides information about the Plans' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including transfers. Generally, capitation; reinsurance; third party recoveries; hospital, SOBRA and HIV-AIDS supplements; and patient contributions are considered to be operating revenues. Other revenues used for health care services, such as investment income, are not generated from operations and are considered to be nonoperating revenues.

A statement of cash flows provides information about the Plans' sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

The financial statements are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

The Plans apply only those applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments held by the Maricopa County Treasurer.

E. Capital Assets

Capital assets are recorded at actual cost and the capitalization threshold is \$5,000 or more. Depreciation of such assets is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of equipment are 3 to 8 years.

F. Compensated Absences

Compensated absences consist of personal leave and a calculated amount of family medical leave as defined by the Federal Family and Medical Leave Act (FMLA), earned by employees based on services already rendered. The vested amount of compensated absences is reported as an accrued liability in the MCHP and ALTCS Funds. Employees may accumulate up to 240 hours of personal leave depending on years of service, but any personal hours in excess of the maximum amount that are unused by the calendar year-end are converted to family medical leave. Generally, family medical leave benefits provide for qualifying FMLA events and are cumulative but do not vest with employees and therefore, are not accrued. However, upon retirement, employees with accumulated family medical leave in excess of 1,000 hours are entitled to a \$3,000 bonus. The total amount of such bonuses is immaterial, and therefore it is not reported in the accrued liability.

G. Investment Income

Investment income is composed of interest and net changes in the fair value of applicable investments.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

Note 2 Accounting Change

Effective July 1, 2002, the Plans changed their capitalization threshold for equipment from \$1,000 or more to \$5,000 or more. Equipment of the MCHP Fund costing less than \$5,000 was fully depreciated at July 1, 2002, and therefore, the change in the capitalization threshold had no effect on the beginning net assets of the MCHP Fund. The restatement of the beginning net assets of the ALTCS Fund is as follows:

Net Assets reported at June 30, 2002	\$33,316,679
Change in capitalization threshold	<u>(54,973)</u>
Net assets as of July 1, 2002, as restated	<u><u>\$33,261,706</u></u>

Note 3 Cash and Cash Equivalents

Cash and cash equivalents consists of cash and investments held by the Maricopa County Treasurer and represents a portion of the County Treasurer's investment pool portfolios. This portion is not identified with specific investments and is not subject to custodial credit risk.

Note 4 Receivables

Capitation receivables result from revenues that are attributable to the year ended June 30, 2003, but not received until the subsequent fiscal year. Reinsurance receivables result from additional payments due from AHCCCS to the Plans for certain enrollees whose medical expenses paid by the Plans during the fiscal year were in excess of specified deductible limits.

Note 5 Due From Other County Funds

The MCHP Fund paid medical claims for the ALTCS, Health Select, and Senior Select Health Plans. At June 30, 2003, the amount owed MCHP Fund for these claims was recorded as due from other County funds.

Note 6 Prepaid Expenses

Prepaid expenses include advance and overpayment payments to providers.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

Note 7 Capital Assets

Capital asset activity for the year ended June 30, 2003, was as follows:

	Restated July 1, 2002	Increases	June 30, 2003
MCHP Fund			
Equipment	\$ 3,383,336		\$ 3,383,336
Accumulated depreciation	(3,375,797)	\$ (7,539)	(3,383,336)
Total capital assets, net	<u>\$ 7,539</u>	<u>\$ (7,539)</u>	<u>\$ 0</u>
ALTCS Fund			
Equipment	\$ 4,501,322	\$1,708,512	\$ 6,209,834
Accumulated depreciation	(2,358,203)	(438,635)	(2,796,838)
Total capital assets, net	<u>\$ 2,143,119</u>	<u>\$1,269,877</u>	<u>\$ 3,412,996</u>

Note 8 Medical Claims Payable

Medical claims payable consist of estimates of \$7,823,022 and \$19,774,611 incurred but not reported (IBNR) medical claims; and \$4,930,456 and \$6,744,478 reported but unpaid claims (RBUCs) for the MCHP and ALTCS Funds, respectively.

Note 9 Due To Other County Funds

At June 30, 2003, the MCHP and ALTCS Funds requested and received approval from the Arizona Health Care Cost Containment System Administration to make transfers of \$6,333,433 and \$15,540,587 from their June 30, 2003, restricted net assets to the County General Fund, respectively. These transfers are reported in due to other County funds. Further, the MCHP Fund owed \$2,127,688 to other health plans for advance payments, and the ALTCS Fund owed the MCHP Fund \$6,079,811 for medical claims paid by the MCHP Fund on behalf of the ALTCS Fund. The remaining balance of \$524,695 for the MCHP Fund and \$654,248 for the ALTCS Fund represents administrative costs due to other County funds.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

Note 10 Related Party Transactions

The following is a summary of the significant related party transactions for the year ended June 30, 2003:

<u>Name of Related Party</u>	<u>Description of Services</u>	<u>MCHP Fund Expenses</u>	<u>ALTCS Fund Expenses</u>
Maricopa County Medical Center	Inpatient, outpatient, and other services	\$36,496,243	\$10,321,563
Maricopa County Medical Center	Attendant Care/Home Health		\$18,341,720

Note 11 Risk Management

The Plans are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Plans are a participant in the County's self-insurance program, and in the opinion of the Plans' management, any unfavorable outcomes from these risks would be covered by that self-insurance program. Accordingly, the Plans have no risk of loss beyond adjustments to future years' premium payments to the County's self-insurance program. All estimated losses for unsettled claims and actions of the County are determined on an actuarial basis and are included in the *Maricopa County Comprehensive Annual Financial Report*.

Note 12 Risk Pool Settlement

During fiscal year 2003, the ALTCS Fund recognized a reduction in institutional care expenses of \$2,114,089 related to the final settlement of a skilled nursing risk pool.

Note 13 Subsequent Event

The Arizona State Legislature passed House Bill 2530 during the year ended June 30, 2003, to allow Maricopa County to ask its voters to decide whether to create a special health care taxing district to operate Maricopa Integrated Health System (MIHS). If the district is created, it will have the authority to

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2003

levy taxes and an independent governing board will control its operation. Since the Plans are part of MIHS, the results of the November 2003 election could significantly effect future operations of the Plans.

Note 14 Retirement Plan

Plan Description – The Plans contribute to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (System). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes its financial statements and required supplementary information. A recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the Plans' contribution rates. For the year ended June 30, 2003, active plan members and the Plans were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The Plans' contributions to the System for the years ended June 30, 2003, 2002, and 2001 were \$322,288, \$306,655, and \$304,914, respectively, which were equal to the required contributions for the year.

SUPPLEMENTARY SCHEDULES

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 1
Medical Claims Payable (RBUCs and IBNR)
Year Ended June 30, 2003

<u>Account</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>Over 90</u>	<u>Total RBUCS</u>	<u>IBNR</u>	<u>Total Payable</u>
Hospital Inpatient	\$ 650,930	\$ 319,234	\$ 98,065	\$ 430,537	\$1,498,766	\$ 2,385,305	\$ 3,884,071
Medical Compensation	632,655	275,718	126,819	153,028	1,188,220	1,279,438	2,467,658
Other Medical	841,264	470,387	106,684	371,342	1,789,677	3,093,046	4,882,723
Total Prospective	2,124,849	1,065,339	331,568	954,907	4,476,663	6,757,789	11,234,452
Total Prior Period Coverage (PPC)	143,264	131,645	42,993	135,891	453,793	1,065,233	1,519,026
Total Medical Claims Payable	<u>\$ 2,268,113</u>	<u>\$ 1,196,984</u>	<u>\$ 374,561</u>	<u>\$ 1,090,798</u>	<u>\$4,930,456</u>	<u>\$ 7,823,022</u>	<u>\$ 12,753,478</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2A
Lag Report for Hospital Inpatient Payments
Year Ended June 30, 2003

Quarter in which Service Provided								
<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 757,761	\$ 2,808,666	\$ 1,914,195	\$ 648,605	\$ 180,664	\$ 66,387	\$ (14,920)	\$ 6,361,358
1st Prior	-	2,108,433	3,415,144	1,106,381	148,298	69,371	48,985	6,896,612
2nd Prior	-	-	164,601	2,346,199	201,426	5,495	51,490	2,769,211
3rd Prior	-	-	-	2,594,750	3,665,878	1,269,955	420,995	7,951,578
4th Prior	-	-	-	-	2,928,979	4,668,586	1,582,482	9,180,047
5th Prior	-	-	-	-	-	2,165,764	3,308,170	5,473,934
6th Prior	-	-	-	-	-	-	102,297,449	102,297,449
Totals	757,761	4,917,099	5,493,940	6,695,935	7,125,245	8,245,558	107,694,651	140,930,189
Expense Reported	6,962,398	6,834,099	7,350,094	8,441,100	7,062,533	6,637,037	103,450,381	146,737,642
Adjustments	(3,178,057)	(1,341,219)	(1,678,328)	(1,672,546)	87,477	1,614,707	4,244,584	(1,923,382)
Remaining Liability	<u>\$ 3,026,580</u>	<u>\$ 575,781</u>	<u>\$ 177,826</u>	<u>\$ 72,619</u>	<u>\$ 24,765</u>	<u>\$ 6,186</u>	<u>\$ 314</u>	<u>\$ 3,884,071</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2B
Lag Report for Medical Compensation Payments
Year Ended June 30, 2003

		Quarter in which Service Provided						
<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 1,385,723	\$ 2,105,954	\$ 433,798	\$ 126,566	\$ 40,117	\$ 30,602	\$ 13,692	\$ 4,136,452
1st Prior	-	2,239,818	2,789,159	750,362	144,992	101,791	37,348	6,063,470
2nd Prior	-	-	1,294,514	1,505,686	130,541	54,922	29,267	3,014,930
3rd Prior	-	-	-	2,586,612	1,931,041	306,360	59,497	4,883,510
4th Prior	-	-	-	-	2,373,284	1,859,816	351,048	4,584,148
5th Prior	-	-	-	-	-	2,069,793	2,224,104	4,293,897
6th Prior	-	-	-	-	-	-	35,174,592	35,174,592
Totals	1,385,723	4,345,772	4,517,471	4,969,226	4,619,975	4,423,284	37,889,548	62,150,999
Expense Reported	5,154,522	4,322,965	4,529,065	5,456,541	4,474,362	3,874,088	35,509,251	63,320,794
Adjustments	(2,110,940)	465,268	147,695	(389,190)	199,330	580,790	2,404,910	1,297,863
Remaining Liability	<u>\$ 1,657,859</u>	<u>\$ 442,461</u>	<u>\$ 159,289</u>	<u>\$ 98,125</u>	<u>\$ 53,717</u>	<u>\$ 31,594</u>	<u>\$ 24,613</u>	<u>\$ 2,467,658</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2C
Lag Report for Other Medical Payments
Year Ended June 30, 2003

Quarter in which Service Provided								
<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 5,235,872	\$ 3,800,292	\$ 2,689,989	\$ 388,972	\$ 17,839	\$ (24,899)	\$ (26,457)	\$ 12,081,608
1st Prior	-	7,558,364	5,619,969	977,338	254,839	139,305	74,056	14,623,871
2nd Prior	-	-	4,102,131	3,183,666	144,491	47,081	19,597	7,496,966
3rd Prior	-	-	-	7,916,760	3,945,562	490,589	229,490	12,582,401
4th Prior	-	-	-	-	6,847,847	3,895,544	518,117	11,261,508
5th Prior	-	-	-	-	-	6,772,949	3,306,876	10,079,825
6th Prior	-	-	-	-	-	-	112,816,079	112,816,079
Totals	5,235,872	11,358,656	12,412,089	12,466,736	11,210,578	11,320,569	116,937,758	180,942,258
Expense Reported	9,482,021	8,828,068	9,787,403	13,249,331	10,602,181	9,562,104	105,802,343	167,313,451
Adjustments	(651,388)	3,481,056	2,845,785	(720,069)	630,729	1,773,462	11,151,955	18,511,530
Remaining Liability	<u>\$ 3,594,761</u>	<u>\$ 950,468</u>	<u>\$ 221,099</u>	<u>\$ 62,526</u>	<u>\$ 22,332</u>	<u>\$ 14,997</u>	<u>\$ 16,540</u>	<u>\$ 4,882,723</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2D
Lag Report for PPC Hospital Inpatient Payments
Year Ended June 30, 2003

Quarter in which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 125,609	\$ 808,483	\$ 613,125	\$ 209,935	\$ 83,346	\$ 53,509	\$ 12,574	\$ 1,906,581
1st Prior	-	259,743	614,297	369,352	62,882	20,578	9,594	1,336,446
2nd Prior	-	-	8,540	396,950	104,949	19,754	12,488	542,681
3rd Prior	-	-	-	448,453	842,628	186,615	112,031	1,589,727
4th Prior	-	-	-	-	493,638	889,529	378,439	1,761,606
5th Prior	-	-	-	-	-	208,609	1,086,396	1,295,005
6th Prior	-	-	-	-	-	-	269,219	269,219
Totals	125,609	1,068,226	1,235,962	1,424,690	1,587,443	1,378,594	1,880,741	8,701,265
Expense Reported	2,123,019	1,696,877	928,049	1,105,873	1,585,062	1,014,112	783,826	9,236,818
Adjustments	(1,661,010)	(564,675)	327,671	326,886	5,133	365,090	1,096,915	(103,990)
Remaining Liability	<u>\$ 336,400</u>	<u>\$ 63,976</u>	<u>\$ 19,758</u>	<u>\$ 8,069</u>	<u>\$ 2,752</u>	<u>\$ 608</u>	<u>\$ -</u>	<u>\$ 431,563</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2E
Lag Report for PPC Medical Compensation Payments
Year Ended June 30, 2003

Quarter in which Service Provided								
<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 40,106	\$ 123,404	\$ 120,223	\$ 5,773	\$ 11,494	\$ 9,522	\$ 9,380	\$ 319,902
1st Prior	-	57,146	226,271	129,955	50,799	12,865	5,400	482,436
2nd Prior	-	-	56,418	161,036	36,605	2,921	4,685	261,665
3rd Prior	-	-	-	120,686	193,449	46,146	21,492	381,773
4th Prior	-	-	-	-	123,279	218,052	88,517	429,848
5th Prior	-	-	-	-	-	64,821	199,262	264,083
6th Prior	-	-	-	-	-	-	43,564	43,564
Totals	40,106	180,550	402,912	417,450	415,626	354,327	372,300	2,183,271
Expense Reported	1,755,472	646,919	661,944	628,448	376,067	331,901	240,059	4,640,810
Adjustments	(1,394,543)	(325,901)	(200,002)	(186,700)	51,017	28,151	136,468	(1,891,510)
Remaining Liability	<u>\$ 320,823</u>	<u>\$ 140,468</u>	<u>\$ 59,030</u>	<u>\$ 24,298</u>	<u>\$ 11,458</u>	<u>\$ 5,725</u>	<u>\$ 4,227</u>	<u>\$ 566,029</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2F
Lag Report for PPC Other Medical Payments
Year Ended June 30, 2003

Quarter in which Service Provided								
<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 38,066	\$ 220,344	\$ 174,662	\$ 96,381	\$ 46,906	\$ 4,281	\$ 10,831	\$ 591,471
1st Prior	-	103,882	297,693	169,004	48,969	34,966	13,008	667,522
2nd Prior	-	-	35,479	73,920	65,312	3,656	3,581	181,948
3rd Prior	-	-	-	83,686	248,313	104,234	20,621	456,854
4th Prior	-	-	-	-	87,048	244,692	83,720	415,460
5th Prior	-	-	-	-	-	36,571	172,479	209,050
6th Prior	-	-	-	-	-	-	6,659	6,659
Totals	38,066	324,226	507,834	422,991	496,548	428,400	310,899	2,528,964
Expense Reported	1,518,873	813,614	446,857	622,503	406,088	281,620	180,559	4,270,114
Adjustments	<u>(1,185,260)</u>	<u>(359,987)</u>	<u>115,357</u>	<u>(177,129)</u>	<u>101,016</u>	<u>152,054</u>	<u>134,233</u>	<u>(1,219,716)</u>
Remaining Liability	<u>\$ 295,547</u>	<u>\$ 129,401</u>	<u>\$ 54,380</u>	<u>\$ 22,383</u>	<u>\$ 10,556</u>	<u>\$ 5,274</u>	<u>\$ 3,893</u>	<u>\$ 521,434</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2003

<u>REVENUES/EXPENSES</u>	<u>SSI MED</u>	<u>SSI W/O</u>	<u>MED</u>	<u>NON-MED</u>	<u>SOBRA MOMS</u>	<u>KIDSCARE <1</u>	<u>KIDSCARE 1-13</u>	<u>KIDSCARE 14-18F</u>	<u>KIDSCARE 14-18M</u>
Member Months	33,323	46,669	3,858	65,683	4,948	126	6,683	517	559
Revenues:									
Capitation	\$ 6,263,407	\$ 18,616,337	\$ 726,541	\$ 11,762,470	\$ 506,444	\$ 35,280	\$ 549,569	\$ 60,656	\$ 44,829
PPC Capitation	20,613	102,810	1,140,166	2,226,208	145,986	-	-	-	-
Hospital Supplement	-	-	4,986,840	8,073,877	-	-	-	-	-
SOBRA Supplement	30,475	158,100	-	86,860	2,324,723	-	-	4,950	-
HIV-AIDS Supplement	215,215	309,340	21,318	368,926	29,851	-	-	-	-
TWG Settlement	-	-	460,559	999,329	-	-	-	-	-
PPC Settlement	6,697	5,212	-	1,314,898	-	-	-	-	-
Investment Income	29,917	103,156	20,806	53,652	2,926	206	3,215	355	262
Other Income	-	-	-	-	-	-	-	-	-
Total Operating and Non-operating Revenue	<u>6,566,324</u>	<u>19,294,955</u>	<u>7,356,230</u>	<u>24,886,220</u>	<u>3,009,930</u>	<u>35,486</u>	<u>552,784</u>	<u>65,961</u>	<u>45,091</u>
Expenses:									
Medical:									
Hospital Inpatient	1,079,568	6,245,595	1,196,495	7,468,519	1,472,483	1,857	56,242	12,715	17,824
PPC - Hospital Inpatient	<u>12,766</u>	<u>43,848</u>	<u>1,705,125</u>	<u>2,360,248</u>	<u>68,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Hospital Inpatient	<u>1,092,334</u>	<u>6,289,443</u>	<u>2,901,620</u>	<u>9,828,767</u>	<u>1,541,006</u>	<u>1,857</u>	<u>56,242</u>	<u>12,715</u>	<u>17,824</u>
Medical Compensation:									
Primary Care Physician Services	600,278	1,856,171	330,068	2,267,193	506,013	4,564	86,532	7,295	9,269
Referral Physician Services	400,185	1,237,447	220,045	1,511,463	337,342	3,043	57,688	4,863	6,180
PPC - Physician Services	<u>152,584</u>	<u>46,730</u>	<u>809,562</u>	<u>1,908,307</u>	<u>79,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Medical Compensation	<u>1,153,047</u>	<u>3,140,348</u>	<u>1,359,675</u>	<u>5,686,963</u>	<u>922,835</u>	<u>7,607</u>	<u>144,220</u>	<u>12,158</u>	<u>15,449</u>

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2003
(Continued)

<u>REVENUES/EXPENSES</u>	TANF <1	TANF 1-13	TANF 14-44F	TANF 14-44M	TANF 45+	SOBRA FPS	TOTAL
Member Months	37,706	231,636	70,053	36,433	9,033	2,492	549,719
Revenues:							
Capitation	\$ 13,056,421	\$ 16,983,748	\$ 8,110,374	\$ 3,344,450	\$ 2,486,159	\$ 52,365	\$ 82,599,050
PPC Capitation	1,235,380	424,788	653,528	234,374	174,191	-	6,358,044
Hospital Supplement	-	-	-	-	-	-	13,060,717
SOBRA Supplement	-	-	2,448,171	-	-	-	5,053,279
HIV-AIDS Supplement	-	-	-	-	-	-	944,650
TWG Settlement	-	-	-	-	-	-	1,459,888
PPC Settlement	382,357	41,922	(82,088)	2,459	(20,838)	-	1,650,619
Investment Income	71,608	92,781	39,903	16,295	10,650	288	446,020
Other Income	-	-	-	-	-	-	-
Total Operating and Non- operating Revenue	14,745,766	17,543,239	11,169,888	3,597,578	2,650,162	52,653	111,572,267
Expenses:							
Medical:							
Hospital Inpatient	6,276,946	1,415,683	2,820,337	637,597	881,737	4,093	29,587,691
PPC - Hospital Inpatient	895,264	340,689	228,544	81,050	117,761	0	5,853,818
Total Hospital Inpatient	7,172,210	1,756,372	3,048,881	718,647	999,498	4,093	35,441,509
Medical Compensation:							
Primary Care Physician Services	1,963,876	2,011,714	1,368,831	431,889	214,520	19,642	11,677,855
Referral Physician Services	1,309,250	1,341,142	912,554	287,926	143,013	13,097	7,785,238
PPC - Physician Services	303,966	151,140	128,271	64,065	48,678	0	3,692,783
Total Medical Compensation	3,577,092	3,503,996	2,409,656	783,880	406,211	32,739	23,155,876

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2003
(Continued)

REVENUES/EXPENSES	SSI MED	SSI W/O	MED	NON-MED	SOBRA MOMS	KIDSCARE <1	KIDSCARE 1-13	KIDSCARE 14-18F	KIDSCARE 14-18M
Other Medical:									
Emergency Services	\$ 66,376	\$ 347,770	\$ 87,808	\$ 599,535	\$ 20,751	\$ 1,175	\$ 24,978	\$ 3,877	\$ 3,221
Pharmacy	1,301,211	1,675,451	34,760	1,160,248	64,347	191	16,277	2,840	2,786
Lab, X-ray and Medical Imaging	268,975	768,743	63,592	747,370	97,972	58	10,271	1,769	2,544
Outpatient Facility	622,609	2,715,096	68,306	2,522,194	270,903	2,849	103,910	14,490	25,251
Durable Medical Equipment	206,901	359,442	20,931	325,786	30,820	6	3,859	574	757
Dental	128,167	188,443	32,971	197,067	6,856	-	246,226	17,513	14,426
Transportation	357,453	600,970	44,260	482,886	51,361	423	9,415	2,863	1,692
NF, Home Health Care	432,444	547,318	34,932	475,199	5,903	-	-	270	-
Physical Therapy	4,052	19,973	3,470	22,266	77	21	940	57	107
Miscellaneous Medical Expenses	84,728	95,248	8,270	97,795	10,069	-	45	69	114
PPC - Other Medical Expenses	141,253	162,496	542,250	1,467,071	118,055	-	-	-	-
Total Other Medical Expenses	3,614,169	7,480,950	941,550	8,097,417	677,114	4,723	415,921	44,322	50,898
Total Medical Expenses	5,859,550	16,910,741	5,202,845	23,613,147	3,140,955	14,187	616,383	69,195	84,171
Less:									
Reinsurance	-	(574,365)	(295,397)	(1,549,661)	(63,944)	-	-	-	-
PPC - Reinsurance	-	(28,922)	(18,418)	(31,052)	-	-	-	-	-
Third Party Liability	(1,516)	(69,257)	(105)	(213,098)	(5,379)	-	-	-	-
Total Net Medical Expenses	5,858,034	16,238,197	4,888,925	21,819,336	3,071,632	14,187	616,383	69,195	84,171
Total Administrative Expenses	394,469	1,329,425	343,155	629,459	37,814	2,353	36,659	4,046	2,991
Total Expenses	6,252,503	17,567,622	5,232,080	22,448,795	3,109,446	16,540	653,042	73,241	87,162
Income (Loss) from Operations	313,821	1,727,333	2,124,150	2,437,425	(99,516)	18,946	(100,258)	(7,280)	(42,071)
Non-operating Income (Loss)	-	-	-	-	-	-	-	-	-
Income (Loss) Before Provision for Income Taxes	313,821	1,727,333	2,124,150	2,437,425	(99,516)	18,946	(100,258)	(7,280)	(42,071)
Provision for Income Taxes	-	-	-	-	-	-	-	-	-
Net Income (Loss)	\$ 313,821	\$ 1,727,333	\$ 2,124,150	\$ 2,437,425	\$ (99,516)	\$ 18,946	\$ (100,258)	\$ (7,280)	\$ (42,071)

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2003
(Continued)

<u>REVENUES\EXPENSES</u>	<u>TANF <1</u>	<u>TANF 1-13</u>	<u>TANF 14-44F</u>	<u>TANF 14-44M</u>	<u>TANF 45+</u>	<u>SOBRA FPS</u>	<u>TOTAL</u>
Other Medical:							
Emergency Services	\$ 283,717	\$ 546,691	\$ 286,725	\$ 94,340	\$ 27,698	\$ 3,299	2,397,961
Pharmacy	403,293	2,191,521	968,210	434,746	218,721	35,581	8,510,183
Lab, X-ray and Medical Imaging	134,623	266,033	525,617	152,167	134,204	4,884	3,178,822
Outpatient Facility	1,647,155	2,184,974	2,519,690	621,823	636,594	18,304	13,974,148
Durable Medical Equipment	167,919	897,724	305,074	183,982	63,357	10,861	2,577,993
Dental	6,451	4,068,054	364,655	231,352	9,176	347	5,511,704
Transportation	158,921	382,681	321,148	130,045	46,936	5,830	2,596,884
NF, Home Health Care	31,762	29,775	70,708	91,175	47,162	(1,015)	1,765,633
Physical Therapy	1,410	10,229	7,190	2,783	4,648	72	77,295
Miscellaneous Medical Expenses	48,074	242,384	106,664	39,509	18,645	4,586	756,200
PPC - Other Medical Expenses	350,809	205,080	239,671	101,590	73,572	-	3,401,847
Total Other Medical Expenses	3,234,134	11,025,146	5,715,352	2,083,512	1,280,713	82,749	44,748,670
Total Medical Expenses	13,983,436	16,285,514	11,173,889	3,586,039	2,686,422	119,581	103,346,055
Less:							
Reinsurance	(874,562)	(216,215)	(180,556)	(113,704)	(245,389)	-	(4,113,793)
PPC - Reinsurance	(100,799)	(32,564)	(7,661)	(17,877)	(1,679)	-	(238,972)
Third Party Liability	(2,806)	(12,889)	(29,761)	(27,951)	(4,758)	-	(367,520)
Total Net Medical Expenses	13,005,269	16,023,846	10,955,911	3,426,507	2,434,596	119,581	98,625,770
Total Administrative Expenses	926,636	1,203,475	522,984	214,708	144,195	3,724	5,796,093
Total Expenses	13,931,905	17,227,321	11,478,895	3,641,215	2,578,791	123,305	104,421,863
Income (Loss) from Operations	813,861	315,918	(309,007)	(43,637)	71,371	(70,652)	7,150,404
Non-operating Income (Loss)	-	-	-	-	-	-	-
Income (Loss) Before Provision for Income Taxes	813,861	315,918	(309,007)	(43,637)	71,371	(70,652)	7,150,404
Provision for Income Taxes	-	-	-	-	-	-	-
Net Income (Loss)	\$ 813,861	\$ 315,918	\$ (309,007)	\$ (43,637)	\$ 71,371	\$ (70,652)	\$ 7,150,404

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 4
Officers and Directors
Year Ended June 30, 2003

<u>Name</u>	<u>Title</u>	<u>Other Relationship to MCHP Plan</u>	<u>Type of Compensation</u>
Paul Strauss Maricopa Integrated Health System - Health Plans	Chief Health Plans Officer, Health Plans	None	Salary
Mark Hillard Maricopa Integrated Health System - Health Plans	Chief Executive Officer, Maricopa Integrated Health System	None	Salary
Edward Fenstermacher, MD Maricopa Integrated Health System - Health Plans	Health Plan Medical Director	None	Salary
Jean Wood Maricopa Intergrated Health System-Health Plans	Operations & Compliance Director	None	Salary
Pat Walz Maricopa Integrated Health System - Health Plans	Chief Financial Officer	None	Salary

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 1
Medical Claims Payable (RBUCs and IBNR)
Year Ended June 30, 2003

<u>Account</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>Over 90</u>	<u>Total RBUCS</u>	<u>IBNR</u>	<u>Total Payable</u>
Institutional Care	\$ 1,879,268	\$ 475,108	\$ 49,620	\$ -	\$ 2,403,996	\$ 10,678,108	\$ 13,082,104
HCBS	1,032,238	553,870	120,759	129,609	1,836,476	5,440,835	7,277,311
Acute Care	925,340	459,489	180,361	552,503	2,117,693	2,882,968	5,000,661
Other Medical	<u>150,287</u>	<u>93,959</u>	<u>14,454</u>	<u>28,910</u>	<u>287,610</u>	<u>313,965</u>	<u>601,575</u>
Total Prospective	3,987,133	1,582,426	365,194	711,022	6,645,775	19,315,876	25,961,651
Total Prior Period Coverage (PPC)	<u>44,455</u>	<u>32,659</u>	<u>8,206</u>	<u>13,383</u>	<u>98,703</u>	<u>458,735</u>	<u>557,438</u>
Total Medical Claims Payable	<u><u>\$ 4,031,588</u></u>	<u><u>\$ 1,615,085</u></u>	<u><u>\$ 373,400</u></u>	<u><u>\$ 724,405</u></u>	<u><u>\$ 6,744,478</u></u>	<u><u>\$ 19,774,611</u></u>	<u><u>\$ 26,519,089</u></u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2A
Lag Report for Institutional Care Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 8,330,217	\$ 14,222,726	\$ 302,855	\$ 45,216	\$ 35,745	\$ 15,763	\$ (23,527)	\$ 22,928,995
1st Prior	-	15,536,661	10,368,304	137,862	24,964	51,251	3,621	26,122,663
2nd Prior	-	-	20,767,094	10,059,336	127,367	52,274	13,266	31,019,337
3rd Prior	-	-	-	20,212,110	10,132,503	152,029	58,390	30,555,032
4th Prior	-	-	-	-	19,918,337	10,836,928	226,980	30,982,245
5th Prior	-	-	-	-	-	19,715,916	11,968,698	31,684,614
6th Prior	-	-	-	-	-	-	20,754,844	20,754,844
Totals	8,330,217	29,759,387	31,438,253	30,454,524	30,238,916	30,824,161	33,002,272	194,047,730
Expense Reported	30,122,683	28,873,018	31,081,529	30,045,097	29,841,085	30,841,399	30,324,286	211,129,097
Adjustments	(9,143,134)	1,200,695	427,857	446,809	406,544	(16,304)	2,678,270	(3,999,263)
Remaining Liability	<u>\$ 12,649,332</u>	<u>\$ 314,326</u>	<u>\$ 71,133</u>	<u>\$ 37,382</u>	<u>\$ 8,713</u>	<u>\$ 934</u>	<u>\$ 284</u>	<u>\$ 13,082,104</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2B
Lag Report for Home and Community-Based Services (HCBS) Care Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 2,077,905	\$ 7,872,286	\$ 1,143,942	\$ 740,054	\$ 124,385	\$ 41,225	\$ 25,074	\$ 12,024,871
1st Prior	-	3,741,135	9,207,877	966,124	322,008	134,371	24,378	14,395,893
2nd Prior	-	-	3,788,680	7,263,594	194,533	30,152	7,179	11,284,138
3rd Prior	-	-	-	6,722,392	5,735,441	288,915	66,734	12,813,482
4th Prior	-	-	-	-	8,200,385	9,237,702	1,613,268	19,051,355
5th Prior	-	-	-	-	-	4,093,743	8,906,104	12,999,847
6th Prior	-	-	-	-	-	-	4,244,332	4,244,332
Totals	2,077,905	11,613,421	14,140,499	15,692,164	14,576,752	13,826,108	14,887,069	86,813,918
Expense Reported	10,936,298	12,157,363	14,959,029	14,866,175	14,599,293	14,291,123	13,399,736	95,209,017
Adjustments	(2,225,038)	(124,994)	(658,177)	877,903	(12,365)	(463,539)	1,488,422	(1,117,788)
Remaining Liability	<u>\$ 6,633,355</u>	<u>\$ 418,948</u>	<u>\$ 160,353</u>	<u>\$ 51,914</u>	<u>\$ 10,176</u>	<u>\$ 1,476</u>	<u>\$ 1,089</u>	<u>\$ 7,277,311</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2C
Lag Report for Acute Care Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 4,057,190	\$ 3,351,986	\$ 1,858,753	\$ 842,233	\$ 227,364	\$ 3,844	\$ (384,385)	\$ 9,956,985
1st Prior	-	4,640,784	3,898,084	1,630,709	410,254	192,843	105,085	10,877,759
2nd Prior	-	-	4,210,872	1,710,174	327,196	148,028	95,439	6,491,709
3rd Prior	-	-	-	5,415,669	3,638,842	881,756	211,037	10,147,304
4th Prior	-	-	-	-	5,293,093	3,411,442	794,954	9,499,489
5th Prior	-	-	-	-	-	5,413,854	3,276,576	8,690,430
6th Prior	-	-	-	-	-	-	4,964,174	4,964,174
Totals	4,057,190	7,992,770	9,967,709	9,598,785	9,896,749	10,051,767	9,062,880	60,627,850
Expense Reported	9,282,854	8,972,835	7,101,717	7,603,076	9,471,861	9,564,992	9,563,597	61,560,932
Adjustments	<u>(1,906,827)</u>	<u>(29,830)</u>	<u>3,419,978</u>	<u>2,173,312</u>	<u>424,888</u>	<u>486,775</u>	<u>(500,717)</u>	<u>4,067,579</u>
Remaining Liability	<u>\$ 3,318,837</u>	<u>\$ 950,235</u>	<u>\$ 553,986</u>	<u>\$ 177,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000,661</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2D
Lag Report for Other Medical Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 222,947	\$ 605,939	\$ 10,637	\$ 17,144	\$ 17,080	\$ (1,847)	\$ 52,883	\$ 924,783
1st Prior	-	304,650	510,966	114,019	5,561	24,718	19,908	979,822
2nd Prior	-	-	341,138	556,168	30,945	10,826	13,963	953,040
3rd Prior	-	-	-	587,278	457,704	48,670	28,715	1,122,367
4th Prior	-	-	-	-	874,518	605,441	62,115	1,542,074
5th Prior	-	-	-	-	-	594,611	581,092	1,175,703
6th Prior	-	-	-	-	-	-	566,299	566,299
Totals	222,947	910,589	862,741	1,274,609	1,385,808	1,282,419	1,324,975	7,264,088
Expense Reported	1,333,133	1,135,440	1,132,971	1,209,082	1,229,126	1,185,598	1,044,417	8,269,767
Adjustments	(669,838)	(164,546)	(236,990)	89,299	174,668	109,105	294,198	(404,104)
Remaining Liability	<u>\$ 440,348</u>	<u>\$ 60,305</u>	<u>\$ 33,240</u>	<u>\$ 23,772</u>	<u>\$ 17,986</u>	<u>\$ 12,284</u>	<u>\$ 13,640</u>	<u>\$ 601,575</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2E
Lag Report for PPC Institutional Care Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 90,842	\$ 277,278	\$ 134,734	\$ 63,111	\$ 35,997	\$ 1,997	\$ 8,797	\$ 612,756
1st Prior	-	165,022	216,798	78,712	50,060	8,714	6,337	525,643
2nd Prior	-	-	-	77,670	37,640	12,858	(8,084)	120,084
3rd Prior	-	-	-	92,049	263,983	67,835	45,122	468,989
4th Prior	-	-	-	-	88,513	272,671	117,036	478,220
5th Prior	-	-	-	-	-	105,177	390,886	496,063
6th Prior	-	-	-	-	-	-	63,685	63,685
Totals	90,842	442,300	351,532	311,542	476,193	469,252	623,779	2,765,440
Expense Reported	837,859	310,116	379,761	667,553	494,103	694,652	154,988	3,539,032
Adjustments	(478,467)	230,185	11,050	(348,517)	(14,177)	(223,839)	469,126	(354,639)
Remaining Liability	<u>\$ 268,550</u>	<u>\$ 98,001</u>	<u>\$ 39,279</u>	<u>\$ 7,494</u>	<u>\$ 3,733</u>	<u>\$ 1,561</u>	<u>\$ 335</u>	<u>\$ 418,953</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2F
Lag Report for PPC Home and Community-Based Services (HCBS) Care Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st Prior	-	-	-	-	-	-	-	-
2nd Prior	-	-	-	-	-	-	-	-
3rd Prior	-	-	-	-	-	-	-	-
4th Prior	-	-	-	-	-	-	-	-
5th Prior	-	-	-	-	-	-	-	-
6th Prior	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-
Expense Reported	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Remaining Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2G
Lag Report for PPC Acute Care Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 17,384	\$ 27,287	\$ 87,357	\$ 18,611	\$ 8,111	\$ 7,188	\$ 2,709	\$ 168,647
1st Prior	-	10,480	49,666	20,563	18,693	3,927	2,313	105,642
2nd Prior	-	-	11,781	8,754	14,500	5,615	1,659	42,309
3rd Prior	-	-	-	5,087	24,520	24,393	6,181	60,181
4th Prior	-	-	-	-	2,827	25,989	28,825	57,641
5th Prior	-	-	-	-	-	4,592	26,327	30,919
6th Prior	-	-	-	-	-	-	5,231	5,231
Totals	17,384	37,767	148,804	53,015	68,651	71,704	73,245	470,570
Expense Reported	244,697	59,596	55,458	54,410	88,656	100,886	86,921	690,624
Adjustments	(164,989)	14,250	123,937	1,472	(18,470)	(28,868)	(13,365)	(86,033)
Remaining Liability	<u>\$ 62,324</u>	<u>\$ 36,079</u>	<u>\$ 30,591</u>	<u>\$ 2,867</u>	<u>\$ 1,535</u>	<u>\$ 314</u>	<u>\$ 311</u>	<u>\$ 134,021</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2H
Lag Report for PPC Other Medical Payments
Year Ended June 30, 2003

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st Prior	-	-	-	-	-	-	-	-
2nd Prior	-	-	-	-	-	-	-	-
3rd Prior	-	-	-	-	-	-	-	-
4th Prior	-	-	-	-	-	-	-	-
5th Prior	-	-	-	-	-	-	-	-
6th Prior	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-
Expense Reported	23,764	(10,751)	3,855	(3,073)	9,630	9,630	349	33,404
Adjustments	(21,688)	11,953	(2,836)	3,169	(9,579)	(9,620)	(339)	(28,940)
Remaining Liability	<u>\$ 2,076</u>	<u>\$ 1,202</u>	<u>\$ 1,019</u>	<u>\$ 96</u>	<u>\$ 51</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 4,464</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 3
Analysis of Profitability by Major Rate Code Classification
Year Ended June 30, 2003

<u>REVENUES/EXPENSES</u>	<u>Medicare</u>	<u>Non-Medicare</u>	<u>Total</u>
Member Months	78,447	12,381	90,828
Revenues:			
Capitation	\$ 195,544,023	\$ 31,247,637	\$ 226,791,660
Prior Period Coverage	2,432,584	214,128	2,646,712
HIV-AIDS Supplement	273,573	48,405	321,978
Investment Income	1,366,461	211,584	1,578,045
Patient Contributions	66,584	10,310	76,894
HCBS Placement Reconciliation	-	-	-
SOC Mix Reconciliation	655,829	102,414	758,243
	<u>200,339,054</u>	<u>31,834,478</u>	<u>232,173,532</u>
Total Operating and Nonoperating Revenues			
Expenses:			
Institutional Care:			
Skilled Nursing Care	71,294,911	9,524,398	80,819,309
Intermediate Care Facility	34,666,699	4,636,319	39,303,018
Incentive Pay	(1,833,761)	(280,328)	(2,114,089)
PPC Institutional	2,035,264	160,025	2,195,289
	<u>106,163,113</u>	<u>14,040,414</u>	<u>120,203,527</u>
Total Institutional Care			
HCBS Care:			
Home Health Nurse	3,170,235	491,390	3,661,625
Home Health Aide	389,165	60,321	449,486
Personal Care	4,038,875	626,030	4,664,905
Homemaker	1,435,028	222,431	1,657,459
Home Delivered Meals	661,470	102,529	763,999
Respite Care	70,058	10,859	80,917
Attendant Care	24,733,711	5,421,952	30,155,663
Adult Care Home	3,390,714	678,135	4,068,849
Adult Day Health	2,107,811	326,713	2,434,524
Adult Foster Care	4,372,247	1,738,897	6,111,144
Hospice	40,245	6,238	46,483
Environmental Modifications	72,833	23,133	95,966
HCBS Placement Reconciliation	135,034	21,114	156,148
Supportive Residential Living	2,837,785	400,020	3,237,805
	<u>47,455,211</u>	<u>10,129,762</u>	<u>57,584,973</u>
Total HCBS Care			

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 3
Analysis of Profitability by Major Rate Code Classification
Year Ended June 30, 2003
(Continued)

<u>REVENUES/EXPENSES</u>	<u>Medicare</u>	<u>Non-Medicare</u>	<u>Total</u>
Acute Care:			
Inpatient Services	\$ 3,515,478	\$ 3,939,804	\$ 7,455,282
Primary Care Physician Services	1,358,064	893,894	2,251,958
Referral Physician Services	905,376	595,929	1,501,305
Emergency Services	142,816	67,866	210,682
Outpatient Facility	916,319	1,352,929	2,269,248
Prescription Drug	12,118,977	1,971,064	14,090,041
Lab/Radiology	346,786	309,969	656,755
Durable Medical Equipment	527,444	427,309	954,753
Dental	291,850	50,354	342,204
Transportation	2,117,175	577,380	2,694,555
Therapies	55,245	65,326	120,571
Outpatient Behavioral Health	20,811	124,580	145,391
PPC Acute Care	360,679	53,482	414,161
Other	210,332	57,405	267,737
Total Acute Care	<u>22,887,352</u>	<u>10,487,291</u>	<u>33,374,643</u>
Other Medical:			
Ventilator Dependent	2,418,742	2,391,884	4,810,626
PPC - other	7,596	6,199	13,795
Total Other Medical	<u>2,426,338</u>	<u>2,398,083</u>	<u>4,824,421</u>
Reductions to Medical Expenses:			
Reinsurance	-	9,472,382	9,472,382
Third Party Recoveries	36,012	135,434	171,446
Total Reductions to Medical Expenses	<u>36,012</u>	<u>9,607,816</u>	<u>9,643,828</u>
Total Net Medical Expenses	<u>178,896,002</u>	<u>27,447,734</u>	<u>206,343,736</u>
Administrative:			
Compensation	4,674,299	723,771	5,398,070
Case Management	6,273,451	971,384	7,244,835
Data Processing	1,478,686	228,960	1,707,646
Occupancy (Rent/Utilities)	676,203	104,704	780,907
Depreciation	379,823	58,812	438,635
Other	1,376,383	213,123	1,589,506
Total Administrative	<u>14,858,845</u>	<u>2,300,754</u>	<u>17,159,599</u>
Total Operating and Nonoperating Expenses	<u>193,754,847</u>	<u>29,748,488</u>	<u>223,503,335</u>
Net Income	<u>\$ 6,584,207</u>	<u>\$ 2,085,990</u>	<u>\$ 8,670,197</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 4
Officers and Directors
Year Ended June 30, 2003

<u>Name</u>	<u>Title</u>	<u>Other Relationship to MLTCP Plan</u>	<u>Type of Compensation</u>
Paul Strauss Maricopa Integrated Health System - Health Plans	Chief Health Plans Officer, Health Plans	None	Salary
Mark Hillard Maricopa Integrated Health System - Health Plans	Chief Executive Officer, Maricopa Integrated Health System	None	Salary
Edward Fenstermacher, MD Maricopa Integrated Health System - Health Plans	Health Plan Medical Director	None	Salary
Jean Wood Maricopa Integrated Health System - Health Plans	Operations & Compliance Director	None	Salary
Pat Walz Maricopa Integrated Health System - Health Plans	Chief Financial Officer	None	Salary
Kathy Eskra Maricopa Integrated Health System - Health Plans	Maricopa Long-Term Care Plan Director	None	Salary

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 5
Utilization Data Report by County
Quarter Ended June 30, 2003
Year Ended June 30, 2003

	<u>Medicare</u>		<u>Non-Medicare</u>		<u>Total</u>	
	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>
	<u>Period</u>		<u>Period</u>		<u>Period</u>	
A. Enrollees (At End of Period)	6,171		1,004		7,175	
B. Member Months (Unduplicated)						
Institutional						
1. Level 1	3,512	15,400	553	2,288	4,065	17,688
2. Level 2	3,980	17,072	628	2,538	4,608	19,610
3. Level 3	905	3,955	143	591	1,048	4,546
4. Home and Community-Based Services (HCBS)						
a. Adult Foster Care	714	3,028	112	452	826	3,480
b. Adult Care Home	1,036	4,130	164	616	1,200	4,746
c. Group Home (DD)	0	0	0	0	0	0
d. Individual Home	6,830	27,772	1,076	4,133	7,906	31,905
e. Other : SRL & BHII	1,052	3,920	167	588	1,219	4,508
5. Acute Care	95	326	183	754	278	1,080
6. Ventilator	91	346	15	48	106	394
7. Prior Period	513	1,949	80	288	593	2,237
8. Other : Unplaced or Deceased	246	549	39	85	285	634
C. Acute Patient Day Information						
1. Admissions	794	2,882	214	627	1,008	3,509
2. Patient Days	4,347	15,943	1,171	4,090	5,518	20,033
3. Discharges	723	2,791	200	629	923	3,420
4. Discharge Days	3,141	12,310	898	3,047	4,039	15,357
5. Average Length of Stay	4.3	4.4	4.5	4.8	4.4	4.5
D. Emergency Room Visits	1,517	5,114	404	1,325	1,921	6,439

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 5
Utilization Data Report by County
Month Ended June 30, 2003
Year Ended June 30, 2003

	<u>Medicare</u>		<u>Non-Medicare</u>		<u>Total</u>	
	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>
	<u>Period</u>		<u>Period</u>		<u>Period</u>	
A. Enrollees (At End of Period)	6,171		1,004		7,175	
B. Member Months (Unduplicated)						
Institutional						
1. Level 1	1,134	15,400	184	2,288	1,318	17,688
2. Level 2	1,291	17,072	210	2,538	1,501	19,610
3. Level 3	317	3,955	52	591	369	4,546
4. Home and Community-Based Services (HCBS)						
a. Adult Foster Care	235	3,028	38	452	273	3,480
b. Adult Care Home	355	4,130	58	616	413	4,746
c. Group Home (DD)	0	0	0	0	0	0
d. Individual Home	2,257	27,772	364	4,133	2,621	31,905
e. Other : SRL & BHII	350	3,920	57	588	407	4,508
5. Acute Care	29	326	43	754	72	1,080
6. Ventilator	31	346	5	48	36	394
7. Prior Period	166	1,949	27	288	193	2,237
8. Other : Unplaced or Deceased	80	549	13	85	93	634
C. Acute Patient Day Information						
1. Admissions	237	2,882	61	627	298	3,509
2. Patient Days	1,299	15,943	394	4,090	1,693	20,033
3. Discharges	201	2,791	52	629	253	3,420
4. Discharge Days	839	12,310	308	3,047	1,147	15,357
5. Average Length of Stay	4.2	4.4	5.9	4.8	4.5	4.5
D. Emergency Room Visits	506	5,114	118	1,325	624	6,439